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FROM: John J. White, Jr.

REGARDING: Washington State Republican Party

COMMENTS: Please see the following letter. Also enclosed is the corrected page to the brief.

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This transmittal consists of 4 page(s), including this cover sheet. If any page is not legible or you do not receive all of the pages, please call us back as soon as possible at (425) 822-9281 or return a note to Fax Number (425) 828-0908.

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FAX OPERATOR: Sandy

C. The WSRP took prompt steps in 1997 to make repayment of the excess reimbursements to the federal account.

During the first half of 1997, after the WSRP learned of the excess reimbursements to the federal account, the party made substantial effort to correct the error. The March 20, 1997 letter from RAD states, after recommending that the excess be repaid to the federal account, "Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration." Exhibit F. The party's June 30 report, the next due after the excess reimbursement was discovered, showed \$126,000 in payments to eliminate the federal account deficit.

The repayment of \$126,000 represented a very substantial portion of the federal receipts to the committee during the first half of 1997. Federally eligible contributions were \$278,133. The repayment represented over 45% of federal receipts. The \$248,000 repayment during the second half represented approximately 44.5% of federal receipts.

In 1997, the WSRP formula for dividing "allocable" expenses under 11 CFR 106.5 changed from 78% "state" and 22% federal to 66 2/3% "state" and 33 1/3% federal, because of the change in ballot composition for the new election cycle. The change in the FEC mandated allocation formula meant that additional federal funds had to be paid for current administrative and other allocable expenses. Had the WSRP used those funds to repay the prior period deficit, the party would have created another excess transfer problem.

The WSRP's 1997 FEC filings show a significant drop in contributions. Simply put, there were not enough federally eligible dollars to repay the excess transfer in full.

Despite the fact that Washington state was likely to be a major battleground in the 1998 House of Representative races, the WSRP devoted a substantial part of its federal receipts during

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